Fiscal Note 2011 Biennium

GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Bill #	HB0641	**Title:**	Energy efficiency weatherization standard
Primary Sponsor:	Noonan, Art	**Status:**	As Introduced-Revised

- [ ] Significant Local Gov Impact
- [x] Needs to be included in HB 2
- [ ] Technical Concerns
- [ ] Included in the Executive Budget
- [ ] Significant Long-Term Impacts
- [ ] Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2010 Difference	FY 2011 Difference	FY 2012 Difference	FY 2013 Difference
Expenditures:				
General Fund	$0	$0	$0	$0
State Special Revenue	$222,843	$200,743	$200,743	$200,743
Revenue:				
General Fund	$0	$0	$0	$0
State Special Revenue	$0	$222,843	$200,743	$200,743
Net Impact-General Fund Balance:	$0	$0	$0	$0

Description of fiscal impact:

The implementation of decoupling and the energy efficiency planning, reporting, and evaluation requirements for the specified electric and natural gas utilities in accordance with the provisions of HB 641 would necessitate the addition at the Public Service Commission of 2.00 FTE Rate Analysts and 1.00 FTE Attorney. This will cause slight a increase in rates charged.

FISCAL ANALYSIS

Assumptions:

Public Service Commission (PSC)

1. HB 641 would apply to two PSC-regulated electric utilities (NorthWestern Energy and Montana-Dakota Utilities Co.) and three PSC-regulated natural gas utilities (NorthWestern Energy, Montana-Dakota Utilities Co. and Energy West).
2. NorthWestern Energy and Montana-Dakota Utilities would conduct their required energy efficiency planning and program implementation on an integrated electric and natural gas basis.
3. The PSC's reviews of the utilities' initial energy efficiency assessments would occur in FY 2010 and would require the PSC to conduct three significant contested case proceedings.

4. The PSC would review the utilities' annual energy efficiency reports for compliance and possible administrative penalties in three contested case proceedings in each of FY 2012 and FY 2013.
5. The PSC would not require the utilities to submit their initial measurement, verification, and program evaluation reports any earlier than FY 2014.
6. Implementation of utility-specific decoupling mechanisms for two electric utilities and three natural gas utilities would require the PSC to conduct at least three major contested rate case proceedings in the upcoming biennium.
7. Following the initial implementation of decoupling, the determination of the annual adjustments would require the PSC to conduct at least three contested case proceedings in each of FY 2011, FY 2012, and FY 2013.
8. The PSC would undertake a significant rulemaking proceeding in FY 2010 to develop and adopt the necessary rules to implement HB 641.
9. The operational costs of the PSC rulemaking are estimated to be $500 (10 total pages published in the Administrative Register at $50 per page).
10. The additional workload described herein would require the addition of 1.00 FTE rate analyst in the Revenue Requirements Bureau ($63,246 salary and benefits each year and $2,600 office package and computer in FY 2010), 1.00 FTE rate analyst in the Rate Design Bureau, ($63,246 salary and benefits each year and $2,600 office package and computer in FY 2010), and 1.00 FTE attorney in the Legal Division ($74,251 salary and benefits each year and $2,600 office package and computer in FY 2010).
11. Training at NARUC Regulatory Studies Program in FY 2010 will cost approximately $2,100 for registration and $2,500 for travel for each FTE for a total of $13,800.
12. The PSC is funded through an assessment on the utilities it regulates. The additional costs will start to be captured in the rate in FY 2011 which will cause a slight increase in the rate as determined by the Department of Revenue.
13. Any revenues generated by administrative penalty will be deposited in the Low-Income Energy Efficiency program account. The amount of this revenue is unknown.
14. All revenues will be distributed back to the utility to be used for low-income energy efficiency activities and programs.

	FY 2010 Difference	FY 2011 Difference	FY 2012 Difference	FY 2013 Difference
Fiscal Impact:				
FTE	3.00	3.00	3.00	3.00
Expenditures:				
Personal Services	$200,743	$200,743	$200,743	$200,743
Operating Expenses	$22,100	$0	$0	$0
TOTAL Expenditures	$222,843	$200,743	$200,743	$200,743
Funding of Expenditures:				
State Special Revenue (02)	$222,843	$200,743	$200,743	$200,743
TOTAL Funding of Exp.	$222,843	$200,743	$200,743	$200,743
Revenues:				
State Special Revenue (02)	$0	$222,843	$200,743	$200,743
TOTAL Revenues	$0	$222,843	$200,743	$200,743
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):				
State Special Revenue (02)	($222,843)	$22,100	$0	$0

Sponsor's Initials *Date* *Budget Director's Initials* *Date*